



City of Seattle
Seattle City Council

News Release

Council President Richard Conlin
Councilmember Richard J. McIver

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City announces additional financing to help local businesses

Accepts \$40 million federal New Markets Tax Credits

SEATTLE – City Council president Richard Conlin signed legislation today authorizing the city's Office of Economic Development to accept an allocation of \$40 million in federal New Markets Tax Credits (NMTCs).

"In this economic downturn, all businesses are having a hard time accessing capital, and we recognize that the growth of businesses is the key to achieving economic recovery," said Conlin. "This allocation gives the city another tool to directly help business and real estate projects in our community find funding that otherwise would not be available."

The NMTCs allocation is an important resource to help businesses and real estate projects access capital. These tax credits will help five to ten business and real estate projects attract outside investors to obtain financing which would otherwise not be available. Investors will be encouraged to invest because they will receive a credit against federal income taxes for making equity investments in low-income areas.

In the past month in response to the tight credit market for businesses, the Office of Economic Development has partnered with City Council and the Mayor's Office to establish other financing programs such as the Grow Seattle Fund (\$8 million small business loan fund) and CDBG small business loan fund (\$1.4 million small business loan fund using CDBG stimulus funds).

"In these difficult economic times, we understand that the growth of businesses and new real estate development in low income neighborhoods are keys to achieve economic recovery," said City Councilmember Richard McIver, Chair of the Housing & Economic Development Committee. "I'm excited that the city will have these tax credits to help local businesses grow and help the economy recover."

The city's Office of Economic Development created the Seattle Investment Fund LLC to apply for an allocation of NMTCs from the federal government in order to attract financing for catalytic business and real estate projects. The federal government awarded the Seattle Investment Fund LLC with the authority to distribute federal tax credits on \$40 million worth of business and real estate investments.

“Our direct control over the distribution of a portion of these tax credits will ensure that our most important projects will benefit from this valuable economic development resource,” said Stephen H. Johnson, the Acting Director of the Office of Economic Development.

The Office of Economic Development has experience using these tax credits with other lending partners in the successful development of prior commercial projects such as:

- Bush Hotel (Seattle Chinatown International District Preservation and Development Authority (SCIDPDA)'s commercial development in the ID)
- 17th and Jackson (Central Area Development Association (CADA)'s mixed-use development in the Central Area) and
- Cadillac Hotel (Historic Seattle's rehabilitation project in Pioneer Square).

In the past, Seattle projects have been forced to compete with other projects nationally to obtain tax credits from national banks or other national organizations. The city's \$40 million tax credit award will ensure the availability of tax credits for Seattle businesses and real estate projects.

For more information about the New Markets Tax Credits, the Grow Seattle Fund or the CDBG small business loan fund, please contact Ken Takahashi in the city's Office of Economic Development at 206-684-8378 or ken.takahashi@seattle.gov.

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